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Approved For Release 2007/03/07 : CIA-RDP79T00975A030900010132-2

Central  
Intelligence

**Top Secret**



# National Intelligence Daily (Cable)

20 December 1978

State Dept. review completed

DIA review(s) completed.

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CG NIDC 78-0295C

20 December 1978

Copy 613

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IRAN: Situation Report

*Serious disturbances are continuing in Iranian provincial capitals, but Tehran remained quiet yesterday.*

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Pro- and anti-Shah demonstrations have occurred in Tabriz for the last several days. The US Consul in Tabriz believes press accounts of a large-scale mutiny of Army troops against the Shah are exaggerated; most of the Consul's sources, in fact, report that the troops were fraternizing with pro-Shah demonstrators. The Turkish Ambassador has heard, however, that some soldiers refused to fire on anti-Shah demonstrators. [REDACTED]

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Iran's two largest holy cities--Qom and Mashhad--have been major centers of unrest. A battalion from the Iranian airborne brigade was sent to Qom on Sunday to reinforce security units. Embassy reporting indicates that in Mashhad the military authorities have been unable to keep demonstrations under control and the police have deserted the streets. [REDACTED]

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//Prime Minister Azhari told a Western official on Monday that much of the recent violence in the provincial capitals had been stimulated by the heavy-handed action of overzealous local military commanders who have been encouraging pro-Shah demonstrators to attack the opposition.// [REDACTED]

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## ISRAEL: Pressure for Settlements

*Leaders of the Israeli radical nationalist Gush Emunim organization, which is dedicated to settling more Jews on the occupied West Bank, are threatening to "create new facts" by establishing unsanctioned new settlements there unless the government officially approves additional settlements soon. Prime Minister Begin reportedly has not made up his mind on the settlements issue, although he probably would prefer to defer any action in order to avoid jeopardizing peace negotiations and worsening relations with the US.* [ ]

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Begin's room for maneuvering has decreased in the face of growing pressure from key hardliners in the ruling coalition who are deeply troubled by the implications of the West Bank autonomy plan and anxious to reaffirm Israel's right to settle there. Many in the coalition, as well as much of the public, moreover, are outraged over what they perceive to be unfair US pressure in the peace negotiations and probably are in a mood to support independent Gush action if Begin holds back on approving new settlements. [ ]

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The Gush secretariat, at a weekend meeting, threatened to try to establish new settlements near Nabulus, the largest Arab town on the West Bank, and near Jericho. Israeli troops forcibly evicted Gush squatters from the Nabulus site in September and a year earlier turned back a Gush cadre near Jericho. According to press reports, Israeli security forces have again taken up positions along key roads into the West Bank to head off any wild-cat Gush settlement attempt. [ ]

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Begin thus far has limited himself to reiterating that the government remains solely responsible for new settlements. He recognizes the sensitivity of the issue and wants to avoid needlessly antagonizing the US. Within the context of Israeli politics and his own attachment to the West Bank, Begin, since becoming Prime Minister, usually has sought to mollify the Gush and its coalition supporters with minimal concessions on settlements issues. [ ]

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Finance Minister Ehrlich, along with others in his Liberal wing of Begin's dominant Likud bloc, and Defense

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Minister Weizman are also sensitive to the negative impact on the peace process of new Jewish settlements. But they are currently on the defensive in the face of strong pressure for new settlements from hardliners in Begin's Herut faction of Likud as well as the National Religious Party, Likud's indispensable ally in the governing coalition. [ ]

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## NIGERIA: Afro-Arab-Israeli Ties

*The possibility of an Egyptian-Israeli peace treaty is causing Nigerian military and civilian leaders to reassess their country's continued participation in the informal alliance of Arab and African states that crystallized during and after the Middle East war in 1973. Sentiment is apparently growing within both the military government and emerging political parties to reestablish diplomatic relations with Israel. The key obstacle is Israeli cooperation with South Africa.*

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The Afro-Arab relationship rests primarily on a mutual trade-off of support on respective regional issues. An Egyptian-Israeli treaty would erase the need for such an arrangement in the eyes of the Nigerians. They have for some time privately criticized the Arab states for not extending as much support to the struggle for majority rule in southern Africa as the Africans have for the Arab cause in the Middle East.

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The Nigerians also point to the paucity of material aid from the Arabs and maintain that most of the poorer African states have not received adequate economic compensation from the Arabs for having severed ties with Israel five years ago. Nigeria, which does not depend on Arab assistance, has insisted all along that Afro-Arab cooperation be a two-way affair.

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Nigerian Head of State Obasanjo described to visiting Egyptian presidential aide Salem early this month the conditions Israel would have to meet before Nigeria would resume relations. His formulation suggests that Nigeria would be prepared to consider renewed relations with Israel if an Egyptian-Israeli treaty contained guarantees for Palestinians acceptable to the Egyptians and resulted in Israeli withdrawal from the Sinai.

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If the military regime does not resume relations with Israel before the scheduled changeover to civilian rule next October, the successor government may well do so. The US Embassy in Lagos has reported that recent conversations with some influential members of two of the three major political parties that will contest elections

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25X1 next year indicate considerable sentiment for renewed relations with Israel. The parties include a northern Muslim-oriented group, which reportedly is taking clandestine campaign funds from Libya. The US Embassy suspects that pro-Israeli sentiment also exists in the third major party. [ ]

25X1 Any Nigerian initiative toward Israel will be heavily dependent on Nigeria's perception of Israel's relationship with South Africa. Reported Israeli arms sales to and alleged nuclear cooperation with South Africa would conflict with Nigeria's key foreign policy objective, the elimination of white minority rule in southern Africa. [ ]

There are signs, however, that Nigerian concern over Israeli - South African ties may be easing. Foreign Minister Adefope recently told a US official that his government has received assurances that Israel will end its arms sales and curtail trade with South Africa. We cannot confirm that Israel has in fact made such a decision. [ ] 25X1

25X1 Should Nigeria take the lead in resuming relations with Israel, several other moderate African states that have benefited little from Arab aid would quickly follow suit. They may restore ties even if Nigeria does not. These countries have previously expressed varying degrees of interest in doing so although none had been willing to make the first move. They include Ghana, Zaire, Zambia, Liberia, Ivory Coast, Sierra Leone, Central African Empire, and Kenya. [ ]

For some other African states, particularly the poorer, predominantly Muslim countries, the choice would be far more painful, and an early, wholesale African desertion of the Arabs is not likely. Despite their frustrations with the Arabs, a dozen or so African states are receiving from the Arabs important development aid and credit loans, which offset the increased cost of oil imports. These countries cannot realistically expect to receive similar benefits from Israel. The Arabs also pose the unstated threat of an oil boycott. [ ] 25X1

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## GREECE-TURKEY: Negotiations

*The International Court of Justice yesterday ruled by a 12-2 vote that it was incompetent to adjudicate the Aegean continental shelf dispute between Greece and Turkey. The Court's decision will give added importance to the two-year-old negotiations between the two nations. The talks have recently shown some signs of movement, but either side or both could easily backtrack. If this occurs, another summit between Prime Ministers Ecevit and Karamanlis may be necessary to maintain the negotiating momentum.*

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The Court said Greek reservations on a 1928 international treaty dealing with the peaceful settlement of disputes caused it to reject Greece's appeal. A desire not to risk the Court's prestige also figured in the decision; Turkey has insisted all along that the issue be settled in bilateral talks and had declared it would not abide by a decision to hear the case.

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The decision will please the Turks and momentarily embarrass the Greek Government, which has already been under mounting domestic criticism for alleged blunders in its policies toward the EC and NATO. In the longer run the Court's endorsement of bilateral talks will provide some support for the government, which may now find it politically more feasible to pursue serious negotiations with the Turks.

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The latest round of negotiations took place earlier this month, and both sides expressed satisfaction with the improved atmosphere. Greek negotiators were pleased that their Turkish counterparts were willing to consider delineation of the continental shelf in addition to their proposal for an Aegean condominium. Turkish representatives likewise were encouraged by the Greeks' seeming willingness to consider eventual demilitarization of islands close to Turkey and to make some additional adjustments regarding control of Aegean airspace.

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Greeks and Turks hope that the next round of talks, scheduled to begin in Vienna on 9 January, will lead to further progress. Both sides have had a history of backtracking, however, and the Aegean issue is connected with a number of other complex issues such as Cyprus and the participants' responsibilities within NATO. Thus,

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while additional progress in Vienna is possible, it is by no means assured. Given the complexity of the issues, intervention at the top, in the form of an Ecevit-Karamanlis summit, may be needed to keep the talks moving. [ ]

#### USSR-CHINA: Soviet Reaction

*Soviet reaction thus far to US-Chinese normalization of relations has revealed Moscow's anxieties, particularly with regard to the possibility of a freer Chinese diplomatic hand in Asia. Soviet commentators are thus far concentrating their criticism on Peking rather than Washington and have acknowledged US statements favoring closer US-Soviet ties. There is no indication of any likely Soviet political moves to counter what the Soviets view as the latest success in China's anti-Soviet policies.* [ ]

One Soviet commentator noted that Peking may think normalization means expanded freedom of action in pursuit of its "expansionist" plans, suggesting heightened concern in Moscow over possible Chinese moves against Vietnam. Soviet observers are also likely to link normalization to the Sino-Japanese Peace and Friendship Treaty of last summer, which the Soviets have portrayed as an alliance orchestrated by Washington. There has been no mention of high-level visits scheduled between the US and China in January and February. [ ]

The Soviets may produce more authoritative responses in days to come, but these statements will probably continue to be carefully formulated because of the sensitive US-Soviet discussions now under way. The USSR has hitherto tried to avoid polemics with both the US and China when crucial negotiations on a strategic arms agreement were near. [ ]

## USSR: Oil Production Problems

*The USSR recently announced reduced targets for the oil industry, indicating that production is likely to peak soon--perhaps even next year. Even if output grows in 1979 and 1980, maximum production will be about 12 million barrels per day and probably will begin to decline rather sharply within two or three years thereafter, resulting in a drop in oil exports. The Soviets apparently intend to push gas production during the next two years harder than they originally planned in order to compensate. DIA estimates that there will be no decline in Soviet oil production through 1980 and for several years thereafter. During that period, however, production may level off and show little or no growth.*

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West Siberia provided all of the growth in Soviet oil production in recent years and is the only major region from which the Soviets can obtain output increases through the early 1980s. The giant Samotlor oilfield there has accounted for a large share of the growth in output during the past five to six years, but it probably reached peak production this year. Other large older fields in West Siberia have also reached their peak, and some are beginning to decline. In the older producing region of the Urals-Volga, production has already fallen seriously.

Development of the smaller and more costly West Siberian fields that are supposed to compensate for the leveling off of Samotlor's output is lagging. Originally, 62 new oilfields were to have been developed in West Siberia from 1976 to 1980, but the number has now been scaled down to only 22 or 23. A serious lack of facilities--such as roads, pipelines, and electric power lines to these distant new fields--has hampered their exploitation.

The 1979 gas production target--14.3 trillion cubic feet--would require growth next year to be about 8.6 percent, the largest annual rise ever. The target is probably unattainable because pipeline capacity is not being installed fast enough and because the infrastructure in the new gas areas of West Siberia is poorly developed.

## INDIA: Gandhi Jailed Temporarily

*Indian Prime Minister Desai's government faces a period of new pressures following the temporary jailing of former Prime Minister Indira Gandhi and as a result of increased activity by dissidents in the ruling Janata Party.* [ ]

The Janata majority in the lower house of parliament voted yesterday to jail Gandhi for the remaining few days of the parliamentary session and to deprive her of the seat she won in a byelection last month. The vote climaxed a heated debate over how severely to punish Gandhi for allegedly having obstructed a 1975 official investigation of her son Sanjay's car manufacturing project. [ ]

In deciding--after considerable hesitation--to support the motion to expel Gandhi, Desai bowed to pressure from Janata hardliners, many of whom had been imprisoned during Gandhi's emergency rule between 1975 and 1977. Desai earlier had sided with party moderates who fear that Gandhi's political comeback will only be facilitated by the expulsion. The move casts her as a martyr and helps substantiate her claim that she is the target of a political vendetta. [ ]

Continued squabbling within Janata weakens its ability to deal with the long-term threat of Gandhi. Among numerous divisive issues is the question of former Home Minister Charan Singh's return to the cabinet. Desai fired Singh from the number-two slot in June and has refused to meet Singh's conditions for rejoining the government. Singh charges that his faction of the loose-knit Janata Party--one of its most important components--is being denied adequate representation in Janata forums. [ ]

Singh currently is continuing plans for a rally in New Delhi on Saturday, ostensibly to demand greater benefits for the small landowners of northern India--the backbone of Singh's popular support. If the turnout approaches a million, Singh probably will sharpen his attack on Desai's leadership and may eventually threaten to withdraw his group from Janata and form a new party. His followers are as yet divided over the feasibility and wisdom of such a drastic step. [ ]

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FEATURE ARTICLE

## LEBANON: Phalange Shifts Tactics

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*//Evidence is growing that the senior Phalange leader, Pierre Jumayyil, and his son Amin want to turn away from military confrontation with the Syrians and begin looking for political solutions to Lebanon's problems. The halting moves toward political reconciliation may yet founder, but they do seem to reflect greater flexibility than the Phalange leaders have shown before-- as well as disillusionment with the policies of Maronite militants, including the elder Jumayyil's other son Bashir.//* [REDACTED]

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*//Since the latest cease-fire began in early October, these two leaders have taken several steps that demonstrate they now believe they have more to gain by talking with their opponents, especially the Syrians, than by fighting them.//* [REDACTED]

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-- *//Pierre Jumayyil has made a series of accommodating statements about Syria.//* [REDACTED]

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-- *//He has offered to go to Damascus if the trip could be made in "dignity and honor," and he has proposed that Syrian President Assad mediate "in a personal capacity" between domestic Lebanese factions.//* [REDACTED]

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-- *Both Pierre and Amin Jumayyil have met with Palestinian representatives, and both have taken steps to begin a dialogue with Lebanese Muslims.* [REDACTED]

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The emphasis on dialogue is a significant shift in Phalange tactics. Throughout most of 1978 the party-- along with most other Maronites--tried to provoke the Syrians in an effort to generate a crisis that might induce Israel, the UN, or Western countries to intervene on the side of the Christians. Militia chief Bashir Jumayyil has been one of the chief proponents of this effort. [REDACTED]

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//There was no foreign intervention on their behalf during the heavy fighting in October, and Pierre and Amin Jumayyil are reexamining their tactics. They seem particularly disillusioned with Israel, and even the Maronite militants are less confident than they were about Israeli intervention in the event of renewed fighting with the Syrians. Since the October cease-fire, the Maronites have also received clear signals from France that it would not act militarily or diplomatically in support of Maronite extremist policies.// [REDACTED]

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//The Phalangists have not by any means abandoned the military option or altered their determination to gain Syria's withdrawal from Lebanon. They are continuing--with Israeli assistance--to strengthen their military forces for another round of fighting if they decide they are not making enough progress on the political front.// [REDACTED]

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While showing a more accommodating attitude toward their opponents, the Phalangists apparently have not yet advanced any substantive proposals for resolving Lebanon's political problems. Before doing so, the Phalangists want to have some indication that concessions on their part will be reciprocated by the other factions. [REDACTED]

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The Palestinians have responded favorably to the Phalange overtures, but--like the Phalangists--have viewed the contacts mainly as a means of improving the general political atmosphere and have not made specific new proposals. [REDACTED]

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The Syrians have reacted even more cautiously. While Syrian officials in Beirut have talked privately with Amin, the Syrians are suspicious of Maronite intentions. Foreign Minister Khaddam told a journalist early this month that his government had no intention of inviting Pierre Jumayyil to Damascus. President Assad may not yet have made a final decision, however, on whether to receive a high-level Phalange representative. [REDACTED]

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The almost total uninvolvedness of the Lebanese Government in the Phalange-Syrian-Palestinian contacts reflects its general paralysis and has complicated the process. In the absence of central direction, the separate talks have aroused suspicions among some of the parties. The Syrians and Lebanese Muslims, for instance, have criticized the talks between the Maronites and the Palestinians. [REDACTED]

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[REDACTED]

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[redacted]

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The Maronites' ties to Israel pose the most immediate obstacle to the start of serious talks with the Syrians and the Palestinians. Although the Syrians and the Palestinians have been willing to engage in low-key talks with the Maronites, they have made it clear that real progress toward improved relations will be difficult if not impossible so long as the Maronites remain closely linked to Israel. [redacted]

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The Syrians may not demand a severance of Maronite-Israeli ties before agreeing to a high-level dialogue, but they will probably insist that the Maronites give some solid evidence of a shift away from the alliance with the Israelis--a course the Phalangists will be reluctant to take as long as they face the prospect of renewed fighting with the Syrians. [redacted]

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The Israelis, satisfied for now with the status quo in Lebanon, probably doubt the talks will lead to any significant change in the situation and believe there is no immediate need for them to take a position. [redacted]

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Pierre Jumayyil will have to rein in Bashir if there is to be any real dialogue with the Syrians. Bashir's recent departure for a visit to Western Europe may prevent him from causing trouble while other Phalangists pursue contacts with the Syrians. [redacted]

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National Liberal Party chief Camille Shamun, the most prominent of the Maronite hardliners, has been much more cautious than Pierre and Amin about supporting a dialogue. He met in mid-November with Palestinian representatives, but he has not sought further contacts with the Palestinians and he has shown little interest in reconciliation with Syria. Shamun, however, apparently has not objected strongly to the Phalangists' efforts and his public pronouncements have been less militant since the October cease-fire. [redacted]

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Shamun probably reasons he has little to lose by letting the Phalangists take the lead and the risks in fostering talks. He knows the Jumayyils and the Syrians will need his support for any agreement they might reach. On the other hand, if the Jumayyils fail, Shamun's own position within the Maronite camp will be strengthened. [redacted]

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